

June 2005

Charitable Games

Newsletter

from the Missouri Gaming Commission

Inside this Issue

- 1** Contact Information
Communication
- 2** Illegal Activity and Public Trust
Gaming Commission Position on
Poker Tournaments and Similar
Activities
Illegal Gambling Operations on
Premises Not Licensed for Bingo
- 3** Illegal Gambling Operations on
Premises Not Licensed for Bingo
cont.
Bingo Prohibited at Casinos
Special Bingo License
- 4** Pull-Tab Flares
Audits
Braille Bingo Cards
Raffles
- 5** Raffles cont.
Bingo Regulations
- 6** Bingo Regulations cont.
- 7** Bingo Regulations cont.
- 8** Bingo Regulations cont.
Statute Book Replacements

CONTACT INFORMATION

Missouri Gaming Commission

Bingo Division

PO Box 1847

Jefferson City MO 65102

Phone – 573-526-5370

Toll free in Missouri- **866-801-8643**

Fax – 573-526-5374

Web site – www.mgc.dps.mo.gov

Email – Jane.Bax@mgc.dps.mo.gov

COMMUNICATION

If your organization has questions concerning bingo statutes and regulations or the bingo records and reports you are required to maintain, call our office. We will be happy to assist you over the phone or we will come to your location and meet with you to address your questions or concerns.

The Commission is dedicated to keeping you informed of changes in the bingo statutes, regulations and policies. If you have suggestions for further improving communications, please let us know.

Illegal Activities and Public Trust

The Gaming Commission takes immediate action to revoke the bingo license of organizations that engage in any form of criminal activity. Please don't risk losing your bingo program over illegal gambling machines, illegal poker tournaments or other activities that cannot be allowed to co-exist with licensed charitable games. Maintaining the public's trust in the integrity of bingo and pull-tab games will benefit all bingo organizations – and it is the responsibility of every bingo organization to protect that trust.

Please keep in mind that your bingo and/or hall provider license could also be jeopardized if you lease your property to another organization and that organization engages in an illegal activity.

GAMING COMMISSION POSITION ON POKER TOURNAMENTS AND SIMILAR ACTIVITIES

A few bingo licensees and several promoters of poker tournaments have asked the Missouri Gaming Commission about the legality of poker tournaments and if these tournaments could legally be conducted by organizations that hold a bingo license. Under Chapter 572 of the Revised Statutes, poker, as it is traditionally played, is a contest of chance and is illegal in Missouri except when it has been approved for play in a licensed riverboat casino. A number of ways have been suggested as to how a poker tournament could be conducted elsewhere in the state and still be within the law. There appears to be some merit to some of the suggested methods; however, none of these methods is foolproof, and despite the best intentions by the host organization and tournament promoter, illegal gambling could still occur.

After careful review of the issues and the laws governing the Commission, we have concluded that it is outside the scope of the Commission's authority to approve or deny requests or proposed plans related to poker tournaments, raffles, or other similar games or activities. The Commission licenses and regulates bingo. There are Constitutional provisions, state statutes, and state regulations that apply to bingo licensees and bingo activities, and we will enforce all of them. Our goal and our role in all of this is simply to have compliance by all involved.

Ultimately, it is the licensee's responsibility to ensure whatever activities in which they chose to engage are legal. Upon learning of any suspected illegal activity by a bingo licensee, the Commission will investigate. If it is determined that a violation occurred, we will impose appropriate administrative penalties against the licensee up to and including revocation of the bingo license. This is a complicated area. Please be certain you are legal in whatever your organization may elect to do.

Illegal Gambling Operations on Premises Not Licensed for Bingo

Bingo organizations regularly ask why the Commission penalizes their bingo license for illegal gambling devices while retail establishments in their community have the same devices and go untouched. Although the Commission has no jurisdiction over establishments that do not hold a Missouri Gaming Commission license, the following describes what we have done to address this problem.

Over the past four years the Missouri Gaming Commission has sent approximately 800 letters forwarding reports of illegal gambling operations to state and local officials, have responded to requests for assistance from federal, state, and local officers in cases involving at least 71

machines that have been seized in approximately 20 jurisdictions. Those cases have resulted in six felony convictions for promoting gambling in the first degree, a number of misdemeanor convictions, nine grand jury indictments, the collection of \$75,000 in taxes owed to the State, and there are always a number of investigations pending in various areas of the state.

Our interest in illegal machines is based on several aspects of the issue. It undermines our efforts in assisting compulsive and problem gamblers, and it threatens to seduce charitable bingo organizations into a criminal activity. It is possible that illegal machines limit the amount of money available that could be spent on bingo (or State Lottery tickets for that matter) - both of which have higher payout percentages than the typical illegal gambling machine.

Finally, the Gaming Commission has joined with a number of law enforcement agencies and other state agencies in a cooperative effort to address the growing problem of illegal gambling machines. Through the mutual efforts of this group of agencies, the Department of Public Safety sent a training bulletin on illegal gambling machines to every law enforcement agency and prosecuting attorney in the state. The group has also provided four training sessions on illegal gambling machines to 53 officials from 26 different agencies from around the state and has recently made presentations to the Missouri Prosecuting Attorney's Association and the Missouri Sheriff's Association. There is now a network of officials in place statewide that can provide mutual assistance in these cases. The group is also in the final stage of preparing two videotapes on the subject. One will be used to train more law enforcement officers about illegal gambling, and the second will be used to increase the public awareness about this form of organized crime that may be operating in their community.

Bingo Prohibited at Casinos

A number of months ago, we discovered that several Missouri casinos were operating slot machines, which had bingo titles, graphics, or themes. About two years earlier, the Gaming Commission had created a rule that prohibited casinos from offering bingo, either for profit or as a promotion. In checking our rules and laws, however, we discovered that the slot machines were not "bingo" games as defined by law, so their operation was technically legal. We immediately wrote a letter to all casinos and drafted new wording for the rule that prohibits bingo at casinos. We also requested and received voluntary compliance from the casinos to remove the games before the rule actually went into effect. The result was that almost 100 bingo themed slot machines were removed from the casinos, and we now have a new rule that prohibits not only the game of bingo, but any variation of bingo at casinos. Bingo will remain solely for the benefit of charitable gaming licensees, as the voters and legislators of the state intended.

Special Bingo License

Chapter 313.015.2 RSMo, allows an organization to obtain a special bingo license to conduct bingo for the period of any fair, picnic, festival or celebration. This section is **NOT** meant to allow a regular licensee to apply for special licenses in an attempt to hold more than one bingo occasion per week. Therefore, please ensure that when you are applying for a special bingo license that it meets the criteria outlined in this section, and that you state a specific event or occasion for which the license is needed. Also, please send in your applications approximately **four weeks** prior to the date of the event to allow the Charitable Games staff ample time for processing. It would be wise to have your special bingo license in hand before advertising bingo will be offered.

Pull-Tab Flares

Regulation 11 CSR 45-30.175 (7) requires that all pull-tab flares be retained by the organization. **What is the pull-tab flare?** This is the large poster-type card received on the outside of the deal of pull-tabs, which reflects the winning combinations. If you are playing a coin board, the coin board itself is considered the flare, and therefore must be retained for one year.

Audits

As some of you may already be aware, our auditors have implemented a new procedure in which we establish a meeting sometime other than your bingo game time, to come in and audit your bingo records. This new procedure seems to be well received by the organizations we have visited thus far. In this type of atmosphere, you have more time to spend with us to have your questions and concerns addressed, and it allows us the time to spend with you to ask any questions we may have, or to suggest other ways of maintaining the records we require. Your assistance in having all the documents available at the time of our audit is very much appreciated.

Braille Bingo Cards

As an organization, you have two options concerning sight-impaired players. You can allow the blind players to bring in their own Braille card, or you may purchase Braille cards to have on hand should a sight impaired player come in to play. If a player brings in his or her own card please inspect the card to ensure that it has not been altered in any way. If you choose to purchase Braille cards, please contact our office for further information on this procedure.

To ensure compliance with the bingo statutes and regulations, your organization is responsible for charging a comparable price for the Braille bingo cards and retaining the same number of paper cards with your bingo records as proof of such sales. The cards must be marked with the date of sale and a notation indicating that the cards were Braille sales. These cards must be maintained with your bingo records for a period of one year.

Also, please ensure that if a sight impaired player achieves the winning pattern, using a Braille card, and the prize is \$200 or more, a **copy** of the winning Braille bingo card must be made, signed, dated and retained in your bingo records as required in Regulation 11 CSR 45-30-175.

Raffles

In our December 2002 Newsletter, the Commission published our policy on holding raffles in conjunction with a bingo game. We are including it in this newsletter as a reminder.

The Missouri Constitution permits raffles or sweepstakes (herein referred to as raffles) by religious and charitable organizations, pursuant to federal law. However, no particular section of federal law was cited, so there is no clear statement as to exactly which organizations truly qualify to conduct raffles. Because fraternal, veteran, and service organizations were not addressed in the Constitution, the Commission has no basis to determine whether these organizations can or cannot conduct a legal raffle.

The Constitution also failed to define what is and what is not a raffle. The Constitution indicates the legislature *may* enact statutes governing raffles, implying that the authors of the Constitutional amendment recognized more specific guidelines would be needed. To date, the legislature has not enacted any statutes that permit, define, or regulate raffles. The legislature has not amended or rescinded Chapter 572, RSMo, that prohibits illegal forms of gambling, so any “improper” raffle would constitute illegal gambling. The Attorney General has issued no opinions, and no courts have ruled regarding raffles in Missouri. As you can see, there are more questions than answers when it comes to raffles.

The Missouri Gaming Commission has not been assigned jurisdiction of raffles. However, we do regulate **bingo**, and because we regulate bingo, we have developed the following guidelines concerning the conduct of bingo events and bingo licensees as they relate to raffles:

Raffle – A raffle in conjunction with a bingo event is defined as a lottery in which each participant 1) **buys a ticket** 2) for an **item of value** that has been put up as prize, and 3) the **winner is determined by a random drawing**.

Sweepstakes – A sweepstakes in conjunction with a bingo event is basically the same: 1) **contests** which award 2) prizes (**something of value**), 3) based on the **random selection** of entries.

Do not be misled by persons offering games or products they call a raffle or sweepstakes.

Due to the uncertain legal status of raffles and sweepstakes, it is the Commission’s position that **at no time can bingo be part of a raffle, nor can a raffle be part of bingo**. Bingo equipment, pull-tabs, paper, daubers, or tallies may **not** be used **in any manner** in conjunction with a raffle – not to select a winner or as a prize. Raffle tickets may not be sold as a contingency of playing bingo or visa versa. Any raffle and the bingo game itself must be **two completely separate games**, and at no time may the funds from bingo be co-mingled with the funds from a raffle. This separation applies to the conduct of the games (purchases, playing of the game, determining winners, prizes awarded, etc., but does **not** prohibit offering a raffle in a bingo hall during a bingo session if it is kept separate in every way.)

Raffles conducted at a bingo occasion, which are not within these guidelines, will be considered illegal gambling in violation of bingo and gambling statutes, and the organization may be disciplined accordingly.

SUMMARY: *The Constitutional provisions are vague and no authority has clarified what is allowed and what is prohibited. Any raffle or sweepstakes conducted by a bingo licensee must be conducted separately from any bingo or pull-tab game and meet the three criteria listed in the definitions above (as any deviation from that definition would be considered illegal gambling).*

If you have questions, please call the Charitable Games Division toll-free at 1-866-801-8643.

Bingo Regulations

Included with this newsletter are a number of bingo regulations that have been **revised** and some **new regulations that have been added**. In addition, a number of bingo regulations have been **rescinded**. The following is a list of those changes and a brief explanation of how the changes effect your organization. ***Please pay close attention to the highlighted regulations. These have an immediate effect on your organization.***

11 CSR 45-30.025 Bingo Promotions – Amended to correct the spelling of the word “choose” in paragraph (2).

11 CSR 45-30.030 Special Bingo Game – Amended to clarify the definition of a “special bingo game.” Basically this rule states that a special bingo game is one that you as the organization designate as such, and therefore, may not charge more than fifty cents per card.

11 CSR 45-30.035 Bingo Card – New regulation written to provide a definition of a “bingo card” which matches the definition in Section 313.005(1), RSMo. The rule also prohibits the use of any bingo card for any purpose not permitted under Chapter 313, RSMo.

11 CSR 45-30.040 Occasion – Amended to clarify that a bingo licensee cannot conduct a bingo session under a special license on the same calendar day as the licensee conducts its regular bingo session. This is **not** a new requirement. It is just being clarified in the rule.

11 CSR 45-30.050 Gross Receipts – Rescinded – The provisions of this regulation have been incorporated into regulation 11 CSR 45-30.205.

11 CSR 45-30.060 Operator(s) – Amended to require that you inform the Commission of the name of the bingo chairperson. The regulation also stipulates that you have thirty calendar days to notify the Commission if someone else is appointed as the bingo chairperson.

11 CSR 45-30.135 Bingo Workers – New regulation written to clarify what is considered a bingo worker, also indicates those that are **not** considered bingo workers.

11 CSR 45-30.155 Bingo Equipment Defined – Amended to correct the misspelling of the word “pull-tabs” in paragraph 1 (B) and also incorporates the definition of “equipment” contained in 11 CSR 45-30.160 into paragraph (2).

11 CSR 45-30.160 Equipment – Rescinded – The provisions of this regulation have been incorporated into regulation 11 CSR 45-30.155.

11 CSR 45-30.170 Records Required – Rescinded – The provisions of this regulation have been incorporated into regulation 11 CSR 45-30.175.

11 CSR 45-30.175 Organization (Operator) Recordkeeping Requirements – Amended to change the retention period for pull-tab flares, winning pull-tabs and winning bingo paper to one year instead of three. All other records are still required to be retained for the three-year period.

11 CSR 45-30.180 Inventory, Ownership, and Leasing of Bingo Equipment – Amended to incorporate the definition of “co-ownership of bingo equipment” found in 11 CSR 45-30.290, and the permissible rental terms of bingo equipment found in 11 CSR 45-30.300.

11 CSR 45-30.200 Merchandize Prizes - Amended to clarify how to determine the retail price or fair market value of prizes for pull-tabs and lists the documentation required to demonstrate such price or value to the Commission.

11 CSR 45-30.205 Game Operation Definitions – Amended to include the definition of “gross receipts” as it is used throughout all bingo regulations.

11 CSR 45-30.210 Reports – Amended to clarify that a licensee does not have to file a summary of their four quarterly reports to meet the statutory requirements for reporting.

11 CSR 45-30.220 Bank Account – Rescinded – The provisions of this regulation were incorporated into regulation 11 CSR 45-30.280.

11 CSR 45-30.235 Reasonable Market Rental Rate for Leased Premises and Leased Locations – Amended to include language from 11 CSR 45-30.240.

11 CSR 45-30.240 Leased Locations – Rescinded – The provisions of this regulation were incorporated into regulation 11 CSR 45-30.235.

11 CSR 45-30.270 Premises Defined, Inspections, All Gambling and Gambling Devices Prohibited – Amended to clarify that no bingo licensee may conduct unauthorized gambling or possess gambling devices on the licensee’s premises.

11 CSR 45-30.280 Net Receipts from Bingo and Bank Account – Amended to clarify the proper disposition of bingo receipts and incorporate the provisions of 11 CSR 45-30.220.

11 CSR 45-30.290 Co-Ownership of Bingo Equipment – Rescinded – The provisions of this regulation were incorporated into regulation 11 CSR 45-30.180.

11 CSR 45-30.300 Equipment Leases, Reasonable Market Rental Rate – Rescinded – The provisions of this regulation were incorporated into regulation 11 CSR 45-30.180.

11 CSR 45-30.340 Participation of Full-Time Employee, Full-Time Staff Member or Ordained Member of Clergy – Amended to clarify the process for full-time employees or staff members to receive approval to volunteer to assist with bingo.

11 CSR 45-30.350 Pull-Tab Cards – Rescinded – The provisions of this regulation were incorporated into 11 CSR 45-30.355.

11 CSR 45-30.355 Sale of Pull-Tab Cards by Bingo Licensees – Amended to include the definition of “pull-tabs.”

11 CSR 45-30.370 Progressive Games – Amended to clarify that progressive bingo games may be played on electronic bingo card monitoring devices.

11 CSR 45-30.525 Supplier Recordkeeping Requirements – Amended to clarify that bingo products may only be purchased from suppliers licensed in Missouri and that suppliers may sell bingo products to unlicensed entities upon approval of the Commission if the products are to be used for free, no-charge bingo games and Commission approval is obtained prior to each purchase.

11 CSR 45-30.545 Contraband – Amended to clarify that bingo paper, which does not meet statutory requirements, is contraband and is therefore subject to seizure by the Commission.

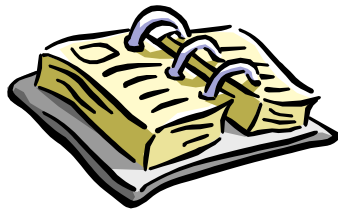
11 CSR 45-30.575 Pull-Tab Packaging, Assembly and Distribution – Amended to correct the spelling of “pull-tabs” and to clarify that pull-tabs must be manufactured so that it is impossible

to determine by any method or device the winning or losing pull-tabs prior to the pull-tabs being opened by players.

11 CSR 45-30.600 Electronic Bingo Card Monitoring Devices – Amended to clarify that all downloading into an Electronic Bingo Card Monitoring Device must be completed prior to the drawing of the first ball of a bingo game.

Note: Correction made to 11 CSR 45-30.060 from original version.

STATUTE BOOK REPLACEMENTS



Enclosed with this Newsletter are revised pages of the bingo Statute/Regulation Booklet.

Please remove the front cover of your bingo statute book and replace it with the new cover reflecting the last revision date of June 30, 2005.

Under the 'Index' tab, remove all pages and replace them with the index pages enclosed.

Under the Bingo Tax Statutes tab, remove all pages 2-24 and replace them with pages 1-23 enclosed.

Under the 'Bingo Tax Rules' tab in your statute booklet remove all pages 5-21 and replace them with pages 5-21, enclosed.